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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

November 8, 2023

Mr. Chris A. Cartwright
President and Chief Executive Officer, TransUnion
555 W. Adams St
Chicago, IL 60661

Dear Mr. Cartwright:

We are writing to express our concern that servicemembers are not receiving the consumer benefits they are entitled to from credit reporting agencies. We urge your company to proactively work to ensure servicemembers and their families have the rights that Congress intended them to have.

Servicemembers protect the United States from threats across the globe. Our men and women in uniform, sacrifice so much for the service of us all, but sadly they are not receiving the protections they are required by law to receive. Specifically, credit reporting agencies must provide free credit monitoring services upon request to active-duty servicemembers.¹ Credit monitors must notify servicemembers about any “material” additions or modifications to their credit files.² They also must provide servicemembers with free access to credit reports.³ These protections allow servicemembers to perform their duties with peace of mind that their credit histories are being actively monitored for changes and threats. Reducing or alleviating these stressors for servicemembers and their families directly supports the operational readiness of our armed forces.

Credit reports have a significant and direct impact on Americans’ financial decisions and the ability to build wealth. In the armed forces, some servicemembers and all officers must submit to and pass a national security clearance check that includes a detailed review of their credit history. This review determines, among other things, their ability to meet their financial obligations.⁴ Adverse information in a servicemember’s credit history could result in denial of a security clearance. Those servicemembers that secure national security clearances are also subject to continuous monitoring and evaluation to determine if they are failing to meet their financial obligations, in excessive debt, or have a high debt-to-income ratio.⁵ A servicemember’s security clearance may be revoked if any adverse events or items of concern are identified—80 percent of security clearance revocations are related to financial difficulties.⁶ The potential for a servicemember’s credit history to result in impacts on their career, among other things, makes it

¹ 16 CFR 609.3.

² *Id.*

³ 16 CFR. §§ 609.2(g), 609.3(a).

⁴ 32 CFR 66.6(b)(8)(vi); see also Dep’t of Def., *DOD Manual 5200.02: Procedures for the DOD Personnel Security Program (PSP)* 69 (Oct. 29, 2020), <https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodm/520002m.PDF> (Continuous evaluation is the periodic reviewing of the individual’s background to determine whether they continue to meet the requirements for national security eligibility. DoDI 5200.02 requires all personnel in national security positions to be subject to continuous evaluation).

⁵

Consumer Financial Protection Bureau, *Servicemember reports about identity theft are increasing* (Jan. 12, 2023), <https://www.consumerfinance.gov/consumer-tools/educator-tools/servicemembers/servicemember-reports-about-identity-theft-are-increasing/#10>.

imperative that credit reports are accurate and servicemembers have the ability to monitor their credit histories in real-time.

Concerningly, according to the CFPB, the most common issue servicemembers complain about is credit reports. In 2022, they sent in nearly 36,000 complaints to the CFPB related to credit reports.⁷ Inaccurate credit reports are no minor matter.

Servicemembers are a group that is particularly vulnerable to identity theft. A steady income can make servicemembers a target for identity thieves looking to set up fraudulent credit accounts or tap into bank accounts.⁸ Frequent relocation may also increase servicemembers' risk of identity theft. Further, every year, an estimated 400,000 servicemembers make a permanent change of station (PCS).⁹ PCS orders can require a new round of home and apartment searches, spouse employment searches, and utility connections that may increase the risk of personal information falling into the hands of identity thieves.¹⁰ Unsurprisingly, servicemembers report more cases of identity theft than other adults.¹¹

A 2020 report by the Federal Trade Commission (FTC) found that active-duty servicemembers were 22 percent more likely than their civilian counterparts to report that an identity thief used their stolen information to open a new credit card or other account.¹² The report also found that servicemembers were 76 percent more likely to report that identity theft resulted in the misuse of an existing account, and three times more likely to report that identity theft resulted in money being taken directly from their accounts.¹³

In 2021, military consumers reported nearly 50,000 cases of identity theft to the FTC.¹⁴ Military consumers reported their information was misused to fraudulently access government benefits, credit cards, bank accounts, loans, and leases; and even to set up telephone and utility services.¹⁵

Often, military consumers only learn that their identity was stolen when a debt collector contacts them concerning a debt they do not believe is theirs, or a debt they do not recognize

⁶ Kristy N. Kamarck, *Military Families and Financial Readiness*, Cong. Rsch. Serv., (Jan. 12, 2022), <https://www.crs.gov/Reports/R46983?source=search>.

⁷ Consumer Financial Protection Bureau, Office of Servicemember Affairs Annual Report at 9 (June 2023), https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report_2022.pdf

⁸ Emma Fletcher, *Identity theft causing outsized harm to our troops*, Fed. Trade Commission (May, 21, 2020), <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2020/05/identity-theft-causing-outsized-harm-our-troops>.

⁹ *Id.*

¹⁰ See, e.g., *Testimony of James S. Rice*, House Comm. on Oversight & Reform 2 (July 13, 2022), <https://docs.house.gov/meetings/GO/GO06/20220713/114983/HHRG-117-GO06-Wstate-RiceJ-20220713.pdf>. ¹¹ Emma Fletcher, *Identity theft causing outsized harm to our troops*, Fed. Trade Comm'n (May, 21, 2020), <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2020/05/identity-theft-causing-outsized-harm-our-troops>.

¹² *Id.*

¹³ *Id.*

¹⁴ Fed. Trade Comm'n, *Consumer Sentinel Network: Data Book 2021* at 18 (Feb. 2022), https://www.ftc.gov/system/files/ftc_gov/pdf/CSN%20Annual%20Data%20Book%202021%20Final%20PDF.pdf. ¹⁵ *Id.*

appears on their credit report.¹⁶ Between 2014 and 2022, military consumer complaints to the CFPB about debts they said resulted from identity theft increased nearly fivefold, from just over 200 annually in 2014, to more than 1,000 in 2022.¹⁷

This is why credit monitoring is so important for servicemembers. Credit monitoring, for example, will alert active-duty members of material changes to their report. Active-duty servicemembers are entitled to free credit monitoring services, however, troublingly, complaints to the CFPB suggest that your firm may be enrolling servicemembers in paid credit monitoring products without providing servicemembers with clear or sufficient information about the free credit monitoring they are eligible for.¹⁸ The CFPB has received complaints that suggest your firm may not be making call center representatives aware that many servicemembers have the right to free credit monitoring.¹⁹

In addition to free credit monitoring, servicemembers are entitled to place an active-duty alert on their credit reports.²⁰ Requesting an active-duty alert also helps address identity theft by removing servicemembers' name for two years from prescreening lists for credit offers and insurance. Unfortunately, while the CFPB has received many identity theft complaints from servicemembers, few servicemembers reported initiating an active-duty alert before departing for active-duty.²¹ Furthermore, it appears that one of the credit reporting agencies failed to remove servicemembers from prescreening lists when they did request an active-duty alert.²² Credit reporting agencies have a duty to be more proactive in safeguarding active servicemembers' credit files.

To ensure servicemembers receive the benefit Congress intended for them, we urge you to actively inform servicemembers about their right to free credit monitoring and active-duty alerts whenever possible, especially through the primary places servicemembers go for information about identity theft protection and credit monitoring services—your firm's websites and call centers. Your firm should ensure that staff, including call center representatives, are trained about the free products available to servicemembers. Further, your firm should take proactive steps to identify which consumers may be servicemembers—not just wait for a servicemember to invoke their rights. Active servicemembers have many things at the forefront of their mind as they are being deployed or asked to move, they are not necessarily thinking about enforcing their consumer rights.

¹⁶ Consumer Financial Protection Bureau, *Servicemember reports about identity theft are increasing* (Jan. 2023), https://files.consumerfinance.gov/f/documents/cfpb_servicemember-reports-about-identity-theft-are-increasing_2023-01.pdf.

¹⁷ Consumer Financial Protection Bureau, *Servicemember reports about identity theft are increasing* (Jan. 12, 2023), <https://www.consumerfinance.gov/data-research/research-reports/servicemember-reports-about-identity-theft-are-increasing/#:~:text=Between%202014%20and%202022%2C%20military,more%20than%201%2C000%20in%202022.>

¹⁸ Consumer Financial Protection Bureau, Credit reporting companies should do more to ensure that servicemembers receive the free credit monitoring services they are legally entitled to (Apr. 27, 2023), <https://www.consumerfinance.gov/about-us/blog/credit-reporting-companies-servicemembers-receive-free-credit-monitoring-legally-entitled-to/>.

¹⁹ *Id.*

²⁰ 15 U.S.C. § 1681c-1(c).

²¹ Consumer Financial Protection Bureau, *Fraud protection tools to help safeguard servicemembers*, https://files.consumerfinance.gov/f/201508_cfpb_fraud-protection-tools-to-help-safeguard-servicemembers.pdf ²² Consumer Financial Protection Bureau, *CFPB and FTC Take Actions Against TransUnion for Illegal Rental Background Check and Credit Reporting Practices* (Oct. 12, 2023), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-ftc-take-actions-against-transunion-illegal-rental-background-check-and-credit-reporting-practices/> (“TransUnion also failed to keep active-duty members of the military from pre-screened solicitation lists – a simple step which protects servicemembers from identity theft”).

At the very least, call center representatives should be trained so that when a consumer indicates that they are a servicemember, the representative should clearly inform the consumer about services that are available for free to verified servicemembers.

Given your firm's unique market position, it is incumbent upon you to do more to help servicemembers take advantage of the specific protections Congress provided. To better understand how you are meeting your obligations so that servicemembers can access free credit reports, active-duty alerts, and credit monitoring services, we request your response to the following questions:

- 1) What is your firm doing to ensure that servicemembers are aware that they have a right to initiate an active-duty alert and are eligible to receive free credit monitoring?
- 2) What statements are available on your public websites notifying servicemembers that they are entitled to free credit monitoring products and an active-duty alert?
- 3) How many active duty servicemembers have requested and received free credit reports from your firm over the last five years? How many have requested and received an active-duty alert?
 - a. How many servicemembers have enrolled in a paid credit monitoring products during that period?
 - b. How many servicemembers who requested a free credit report or active-duty alert from your firm ended up enrolling in a paid credit monitoring product during that period?
- 4) What features are available to servicemembers through paid credit monitoring products that are not available to servicemembers through the free credit monitoring products available to them?
- 5) What training do your public-facing representatives—*i.e.*, your call center representatives—undergo that informs them that servicemembers are entitled to initiate an active duty alert and to free credit monitoring products?
- 6) If a customer identifies themselves as a servicemember, are your public-facing representatives trained to inform the customer that they are entitled to invoke an active-duty alert and to free credit monitoring services?
- 7) Do you employ any internal monitoring systems to ensure that your public-facing representatives are informing servicemembers that they are entitled to start an active-duty alert and to free credit monitoring products?
 - a. If so, please describe those systems and data related to their effectiveness.
- 8) Do any of your public-facing representatives utilize sales scripts to sell servicemembers

paid credit monitoring products? Please provide such sales scripts.

- 9) Please provide the pricing structure for all paid credit monitoring products that your firm offers or has offered over the last five years.

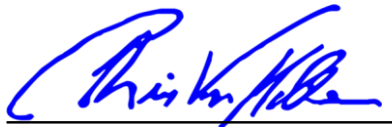
Sincerely,




Sherrod Brown
Chairman
Senate Committee on Banking,
Housing, and Urban Affairs



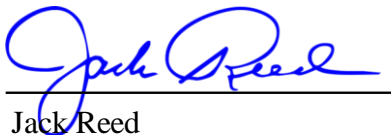
Catherine Cortez Masto
United States Senator



Chris Van Hollen
United States Senator



John Fetterman
United States Senator



Jack Reed
United States Senator